



State of Nevada Department of Business & Industry

Director's Office

555 East Washington Avenue, Suite 4900
Las Vegas, Nevada 89101
Phone (702) 486-2750 | Fax (702) 486-2758
dbi.state.nv.us

FOR IMMEDIATE RELEASE — November 19, 2008
CONTACT: Elisabeth Shurtleff, Public Information Officer
PHONE: (702) 486-2756 E-MAIL: eshurtleff@business.nv.gov

Don't Fall for Bogus Loan Modification Specialists!

Las Vegas — The Nevada Division of Mortgage Lending (MLD) is warning borrowers to be cautious when contracting with companies or people calling themselves 'loan modification specialists'.

A loan modification occurs when your lender or loan servicer modifies your current mortgage to accommodate a hardship that you are experiencing. The purpose is to make your loan more affordable and help you avoid foreclosure. MLD has received numerous complaints about 'loan modification companies' offering unrealistic loan modification options to unsuspecting borrowers, charging excessive fees for doing what the borrower can do for free, and then not delivering the promised services. Even worse, some of these con artists use the personal information they collect during the process to steal borrowers' identities.

'Loan modification companies' are similar to foreclosure consultants with one very important exception. Under current Nevada law, a notice of default or other foreclosure document has to be recorded before a person becomes a foreclosure consultant as defined under NRS 645F.

-more-

“There are laws prohibiting fees being charged to those in foreclosure before services are delivered,” said MLD Commissioner Joe Waltuch. *“However, before the foreclosure process officially begins, it’s a gray area,”* continued Commissioner Waltuch. *“There are no specific laws governing someone offering loan modification services, which leaves room for potential fraud.”*

How can borrowers protect themselves? As always, before doing business with anyone, ask for references and check out those references. Check with licensing agencies and trade groups. However, keep in mind that, even if someone has the proper credentials or comes highly recommended, there’s less of a risk of a scam, but it’s not eliminated entirely.

Also, be extremely wary of anyone charging huge fees to help you modify your mortgage. **Don’t pay for services you can get for free** on your own or from a HUD-certified housing counselor. For a list of qualified counselors, visit the Foreclosure Help website at <http://foreclosurehelp.nv.gov/HousingCounselors.html>. Borrowers can also call their lender or loan servicer directly and ask for a loan modification package to be sent to their homes.

“Depending on the services offered, the loan modification company may also need to be registered with the Nevada Consumer Affairs Division under the Credit Service Organization law,” continued Commissioner Waltuch. As a further precaution, borrowers should check with Consumer Affairs to see if the company is registered. Visit <http://www.fyiconsumer.org/> for more information.

For more information on mortgage and foreclosure scams, visit <http://foreclosurehelp.nv.gov/ForeclosureScams.html> and the Fight Fraud website at <http://fightfraud.nv.gov/>. If you’ve been a victim of a loan modification scam, file a complaint with MLD at http://mld.nv.gov/Forms.htm#complaint_forms.

-END-